

MUSICAL INSTRUMENT COVERAGE FORM

AGREEMENT

In return for “your” payment of the required premium, “we” provide the coverage described herein subject to all the terms of the Musical Instrument Coverage. This coverage is also subject to the “declarations” and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the “declarations”.

Refer to DEFINITIONS, Section F., for words and phrases that have special meaning. These words and phrases are shown in quotation marks or bold type.

A. COVERAGE

“We” will pay for direct physical “loss” to Covered Property from any of the Covered Causes of Loss.

1. **COVERED PROPERTY**, as used in this Coverage Form, means:
 - a. “Your” property consisting of musical instruments and related equipment and accessories; and
 - b. Similar property of others that is in “your” care, custody and control. “We” reserve the right to subrogate in the event of mistreatment or negligence unless “we” agree to waive subrogation in advance.

2. **PROPERTY NOT COVERED**

Covered Property does not include:

- a. Contraband, or property in the course of illegal transportation or trade;
- b. Property acquired by means of Theft, failure to return by a borrower or lessee, dishonest or intentional acts by a borrower or lessee to property that has been sold, loaned or leased and delivered into the care, custody and control of others;

3. **COVERAGE EXTENSIONS**

The limit of insurance for each of the following Coverage Extensions is included within the Limits of Insurance applicable to the Property listed in the Declarations.

- a. **Borrowed Instruments**

If during the policy period you borrow an instrument of a type already covered by this form, “we” will cover that borrowed instrument for the lesser of:

- (1) The value of the instrument as evidenced by its latest appraisal or bill of sale;
- (2) The highest individual instrument’s Limit of Insurance on “your” Schedule of Insurance; or
- (3) \$50,000;

for up to 30 days after “you” borrow it, or until the policy ends, whichever is sooner. “You” must tell “us” within forty-eight (48) hours of the time “you” first assume control of the instrument in order to activate this coverage. “We” will not charge “you” a premium for this period provided “you” tell “us” before the end of thirty (30) days from the date “you” assume control of the borrowed instrument that “you” have returned it to the owner. If coverage is needed beyond the thirty (30) days after the date “you” originally borrowed the instrument, then “you” must give “us” the bill of sale or a current appraisal from a certified Clarion network representative or any bonafide musical instrument dealer or retailer and “we” will add this instrument to “your” policy schedule.

If “you” have a “loss” during this thirty (30) day period, “we” will not pay for the “loss” until “you” have provided “us” with a bill of sale or current appraisal.

- b. **Newly Acquired Property**

If during the policy period “you” acquire property of a type already covered by this form, “we” will cover that property for the lesser of:

- (1) The value of the instrument as evidenced by its latest appraisal or bill of sale;
- (2) The highest individual instrument’s Limit of Insurance on your Schedule of Insurance; or
- (3) **\$50,000;**

You will report such property within 30 days from the date acquired and will pay any additional premium due. If you do not report such property, coverage will cease automatically 30 days after the date the property is acquired or at the end of the policy period, whichever occurs first.

c. Inflation Guard

If “you” insure a “manufactured instrument” with “us” that is less than ten (10) years old on the date “you” purchase it, in the event of a total “loss” by a covered Cause of Loss to this Covered Property, “we” will pay “you” the cost to replace the instrument, regardless of the Limit of Insurance. The Limit of Insurance “you” carry for this instrument must be at least equal to the US dollar purchase price based upon the currency conversion rate, at the time of purchase, for the country from where it was originally purchased, at any time during the twenty-four (24) months, prior to the “loss.”

If the Limit of Insurance is less than the retail price for the instrument during the past twenty-four (24) months, the most “we “ will pay “you” in the event of a “loss” is the Limit of Insurance for this instrument.

d. Replacement Instruments

If “you” rent or borrow an instrument of the same type to replace Covered Property while that Covered Property is being repaired as a result of a Covered Cause of Loss, “we” will pay the owner for “loss” by Covered Causes of Loss to that replacement instrument while it is in “your” care, custody, or control. The most “we” will pay the owner for “loss” to the replacement instrument is the Limit of Insurance for the instrument being repaired.

B. COVERED CAUSES OF LOSS

Covered Causes of Loss means risks of direct physical “loss” to Covered Property except those causes of “loss” listed in the Exclusions.

C. EXCLUSIONS

1. “We” will not pay for a “loss” caused directly or indirectly by any of the following. Such “loss” is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the “loss”.

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But “we” will pay for direct physical “loss” caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under the Coverage Form.

b. Nuclear Hazard

(1) Any weapon employing atomic fission or fusion; or

(2) Nuclear reaction or radiation or radioactive contamination from any other cause

But “we” will pay for direct physical “loss” caused by resulting fire, if the fire would be covered under the Coverage Form.

c. War and Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by the military force, including action in hindering or defending against an actual or

(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

d. Pollutants

“We” do not pay for loss caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of “pollutants” unless the release, discharge, seepage, migration, dispersal, or escape is caused by covered peril. “We” do cover any resulting loss covered by a covered peril.

2. “We” will not pay for a “loss” caused by or resulting from any of the following:
 - a. Delay, loss of use, loss of market or any other consequential loss;
 - b. Wear, tear, any quality in the Property that causes it to damage or destroy itself, or gradual deterioration;
 - c. Pre-existing conditions, damage and/or loss in value caused by repairing, retouching, restoring or conservation or preservation of value;
 - d. Damage caused by pests, insects and vermin;

- e. Criminal, fraudulent, or dishonest acts – “We” do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts alone or in collusion with another by:
 - 1) “you”;
 - 2) others who have an interest in the Property;
 - 3) others to whom “you” entrust the Property;
 - 4) “your” partners, relatives, trustees or guardian;
 - 5) the employees or agents of any of 1), 2), 3), or 4) above;
- f. Mysterious or unexplained disappearance of Covered Property.

D. LIMITS OF INSURANCE

The most “we” will pay for a “loss” in any one occurrence is the applicable Limit of Insurance shown on the Declarations, however not to exceed the applicable amount of insurance as specified in the Schedule of Insurance, unless other policy terms apply.

E. ADDITIONAL CONDITIONS

This coverage Form is subject to the following conditions in addition to the Common Policy Conditions.

1. Coverage Territory

“We” insure Covered Property wherever located anywhere in the world including while in transit and while at repairer’s and restorers premises.

2. Valuation

“We” will not be liable for more than the amount set opposite the respective items covered hereunder, shown on the Schedule of Insurance, which amounts are agreed to be the values of these items for the purpose of this insurance unless other policy terms apply.

3. Partial Loss Including Loss Of Value

“We” pay “you” the difference between the agreed value in the Schedule of Insurance prior to the “loss” and the value of the instrument after the “loss.” The difference in value if any after repair or restoration shall be determined by a “registered musical instrument appraiser.” If the difference in value cannot be agreed upon, the difference in value shall be determined in accordance with ADDITIONAL CONDITIONS 5-Appraisal.

4. Abandonment

There can be no abandonment of any Property to “us”.

5. Appraisal

If “we” and “you” disagree on the value of the Property or the amount of the “loss,” either may make written demand for an appraisal of the “loss.” In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of “loss.” If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay it’s chosen appraiser
 - b. Bear the other expenses of the appraisal and umpire equally
- If there is an appraisal, we will retain “our” right to deny the claim

6. Duties In The Event Of Loss

“You” must see that the following are done in the event of “loss” to Covered Property:

- a. Notify the police if a law may have been broken
- b. Give “us” prompt notice of the “loss.” Include a description of the Property involved
- c. As soon as possible, give “us” a description of how, when, and where the “loss” occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage and keep a record of “your” expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, “we” will not pay for any subsequent “loss” resulting from a cause of loss that is not a Covered Cause of Loss. Also if feasible, set the damaged Property aside and in the best possible order for examination.
- e. Make no statement that will assume any obligation or admit any liability, for any “loss” for which “we” may be liable, without “our” consent.
- f. Permit “us” to inspect the property and records proving “loss”

- g. If requested, permit “us” to question “you” under oath, at such times as may be reasonably required, about any matter relating to this insurance or “your” claim, including “your” books and records. In such event, “your” answers must be signed.
- h. Send “us” a signed, sworn statement of “loss” containing the information “we” request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- i. Promptly send “us” any legal papers or notices received concerning the “loss.”
- j. Cooperate with “us” in the investigation or settlement of the claim.

7. Insurance Under Two Or More Coverages

If two or more of this policy’s coverages apply to the same “loss,” “we” will not pay more than the actual amount of the “loss.”

8. Loss Payment

“We” will pay or make good any “loss” covered under this coverage Form within thirty (30) days after:

- a. “We” reach agreement with “you”;
- b. The entry of final judgment; or
- c. The filing of an appraisal award

9. Other Insurance

If “you” have other insurance covering the same “loss” as the insurance under this Coverage Form, “we” will pay only the excess over what “you” should have received from the other insurance. “We” will pay the excess whether “you” can collect on the other insurance or not.

10. Pair, Sets or Parts

In the event of a total “loss” to any part of a pair or set, at “your” option, “we” will pay you the full value of the entire pair or set and “you” will surrender to “us” both the damaged and undamaged Covered Property. “You” may elect to retain the undamaged Covered Property in which case “we” will pay “you” the fair market value of the damaged Covered Property, giving due consideration to the importance of the pair or set of the damaged Covered Property.

11. Right To Repurchase Recovered Property

“You” may buy back Covered Property for which we have paid you a total “loss.” The price of the Covered Property will be in the amount “we” paid “you”. “We” will attempt to notify “you” of any damaged or recovered Covered Property you may buy back. “You” will have 65 days from the mailing date of the notice to repurchase the Covered Property. This right is not inheritable or transferable to any other person or organization.

12. Privilege To Adjust With Owner

In the event of “loss” involving Property of others in “your” care, custody, or control, “we” have the right to:

- a. Settle the “loss” with the owners of the property. A receipt for payment from the owners of that Property will satisfy any claim of “yours”.
- b. Provide a defense for legal proceedings brought against “you”. If provided, the expense of this defense will be at “our” cost and will not reduce the applicable Limit of Insurance under this insurance.

13. Recoveries

Any recovery or salvage on a “loss” will accrue entirely to “our” benefit until the sum paid by “us” has been made up.

14. Reinstatement Of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total “loss” of a scheduled item, in which event “we” will refund the unearned premium on that item.

15. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom “we” make payment under this insurance has rights to recover Damages from another, those rights are transferred to “us” to the extent of our payment. That person or organization must do everything necessary to secure “our” rights and must do nothing after loss to impair them.

16. Concealment, Misrepresentation, Or Fraud

This Coverage Form is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by “you” or any other insured, at any time, concerning:

- a. This Coverage Form
- b. The Covered Property

- c. "Your" interest in the Covered Property; or
- d. A claim under this Coverage Form

17. Legal Action Against Us

No one may bring a legal action against "us" under this Coverage Form unless:

- a. There has been full compliance with all the terms of this coverage form; and
- b. The action is brought within 2 (two) years after "you" first have knowledge of the "loss."

18. No Benefit To Bailee

No person or organization, other than "you", having custody of Covered Property, will benefit from this insurance.

19. Policy Period

"We" Cover "loss" commencing during the policy period shown on the Declarations.

20. Records

"You" will keep accurate records of "your" "own" business and retain them for three years after the policy ends.

F. DEFINITIONS

- 1. "Loss" means accidental loss or damage
- 2. "Registered musical instrument appraiser" means a bonafide musical instrument dealer.
- 3. "Manufactured instrument" means any instrument mass manufactured with annually printed price lists available.
- 4. The words "you", "your", "yours", and "own" means the person, persons or organizations named as the insured on the "declarations".
- 5. The words "we", "us", and "our" mean the company providing this coverage.
- 6. "Declarations" means all pages labeled Declarations, Supplemental Declarations, or Schedules, which pertain to this coverage.
- 7. "Pollutant" means:
 - (a) Any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be disposed of as well as recycled, reclaimed, or reconditioned.
 - (b) Electrical or magnetic emissions, whether visible or invisible, and sound emissions.